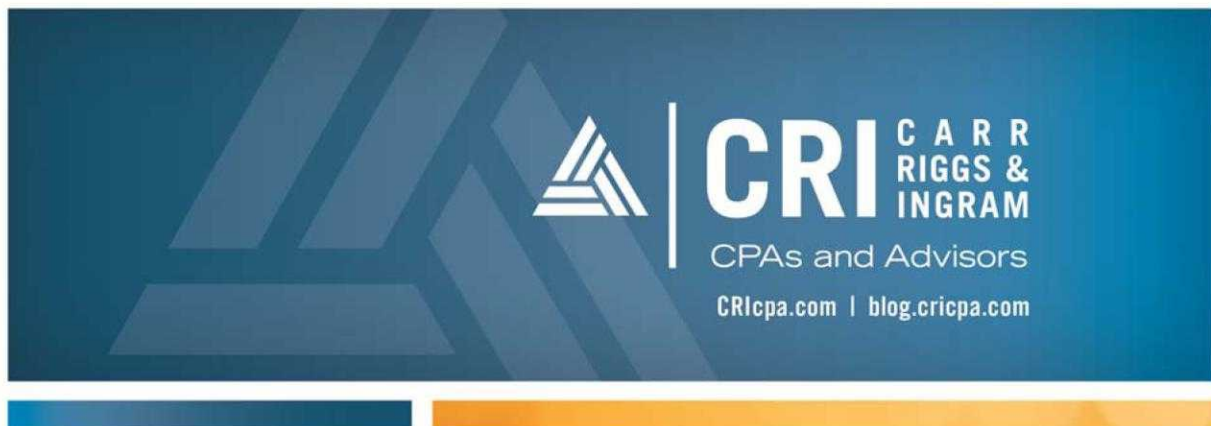


**St. John the Baptist Parish Sheriff's Office
Laplace, Louisiana**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014





St. John the Baptist Parish Sheriff's Office
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June 30, 2014

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INDEPENDENT AUDITORS' REPORT

Honorable Michael Tregre, Sheriff
St. John the Baptist Parish Sheriff's Office
Laplace, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. John the Baptist Parish Sheriff (the "Sheriff"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sheriff's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. John the Baptist Sheriff, as of June 30, 2014, and, where applicable, the respective changes in financial position for the year ended thereof in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the Sheriff identified errors which required prior period adjustments. Our opinions are not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress on pages 31 - 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express opinions or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles general accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. John the Baptist Parish Sheriff's basic financial statements. The

accompanying affidavit is presented as mandated by the Louisiana Legislative Auditor and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The accompanying affidavit and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying affidavit and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The other supplementary information presented on pages 34 and 35 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express opinions or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2014, on our consideration of the St. John the Baptist Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. John the Baptist Sheriff's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

October 27, 2014

BASIC FINANCIAL STATEMENTS

St. John the Baptist Parish Sheriff's Office
Statement of Net Position

| <i>June 30,</i> | <i>2014</i> |
|--|------------------------------------|
| | <u>Governmental Activities</u> |
| ASSETS | |
| Cash and cash equivalents | \$ 3,193,625 |
| Due from other governments | 1,585,957 |
| Inventory | 1,997 |
| Prepaid assets | 70,742 |
| Capital assets, net of depreciation | <u>8,608,544</u> |
| Total Assets | <u>\$ 13,460,865</u> |
| LIABILITIES | |
| Accounts payable | \$ 308,609 |
| Accrued liabilities: | |
| Salaries, wages, payroll taxes and retirement contributions | 618,900 |
| Non-current liabilities: | |
| Due within one year | 237,761 |
| Due in more than one year | <u>13,421,716</u> |
| Total Liabilities | <u>14,586,986</u> |
| NET POSITION | |
| Net investment in capital assets | 8,444,010 |
| Unrestricted | <u>(9,570,131)</u> |
| Total Net Position | <u>\$ (1,126,121)</u> |

The notes to the basic financial statements are an integral part of this statement.

St. John the Baptist Parish Sheriff's Office

Statement of Activities

For the year ended June 30,

2014

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|--|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government |
| | | | | | Governmental Activities |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| Public safety : | | | | | |
| Personal services and related benefits | \$ 18,539,079 | \$ 2,359,095 | \$ - | \$ - | \$ (16,179,984) |
| Operating services | 691,060 | 993,966 | 60,680 | - | 363,586 |
| Operations and maintenance | 5,458,142 | 1,011,724 | - | 640,167 | (3,806,251) |
| Travel | 3,445 | - | - | - | (3,445) |
| Interest expense | 32,654 | - | - | - | (32,654) |
| Total governmental activities | <u>\$ 24,724,380</u> | <u>\$ 4,364,785</u> | <u>\$ 60,680</u> | <u>\$ 640,167</u> | <u>\$ (19,658,748)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | | | | | \$ 15,163,924 |
| Sales and use taxes, levied for general purposes | | | | | 3,413,001 |
| State revenue sharing | | | | | 390,358 |
| Video poker revenue | | | | | 567,549 |
| Fines, forfeitures, and other | | | | | 533,412 |
| Interest and investment earnings | | | | | 38,394 |
| Miscellaneous | | | | | 74,588 |
| Total general revenues | | | | | <u>20,181,226</u> |
| Change in net position | | | | | 522,478 |
| Net position - July 1, 2013 (as restated) | | | | | <u>(1,648,599)</u> |
| Net position - June 30, 2014 | | | | | <u>\$ (1,126,121)</u> |

The notes to the basic financial statements are an integral part of this statement.

St. John the Baptist Parish Sheriff's Office
Governmental Fund- Balance Sheet

June 30,

2014

| | General Fund |
|--|---------------------|
| ASSETS | |
| Cash and investments | \$ 3,193,625 |
| Due from other governmental units | 1,585,957 |
| Inventory | 1,997 |
| Prepaid items | 70,742 |
| Total Assets | <u>\$ 4,852,321</u> |
| LIABILITIES | |
| Accounts payable | 308,609 |
| Accrued expenses | 618,900 |
| Total Liabilities | <u>927,509</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows - due from other governmental units | 264,190 |
| Total Deferred Inflows of Resources | <u>264,190</u> |
| FUND BALANCE | |
| Nonspendable | 72,739 |
| Restricted | - |
| Committed | - |
| Assigned | - |
| Unassigned | 3,587,883 |
| Total Fund Balance | <u>3,660,622</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$ 4,852,321</u> |

The notes to the basic financial statements are an integral part of this statement.

St. John the Baptist Parish Sheriff's Office
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position

AS OF JUNE 30, 2014

| | | |
|--|---------------------|------------------------------|
| Total Fund Balance at June 30, 2014- Governmental Fund | | <u>\$ 3,660,622</u> |
| Cost of capital assets at June 30, 2014 | \$ 17,521,177 | |
| Less accumulated depreciation as of June 30, 2014 | <u>(8,912,633)</u> | 8,608,544 |
| Deferred inflows | | 264,190 |
| Long-term non-current liabilities at June 30, 2014: | | |
| Compensated absences | (459,369) | |
| Capital Lease payable | (152,970) | |
| Claims and judgments | (306,047) | |
| Other post employment benefits | <u>(12,741,091)</u> | <u>(13,659,477)</u> |
| Net position- June 30, 2014 | | <u><u>\$ (1,126,121)</u></u> |

The notes to basic financial statements are an integral part of this statement.

St. John the Baptist Parish Sheriff's Office
Governmental Fund- Statement of Revenues, Expenditures, and
Changes in Fund Balance

FOR THE YEAR ENDED JUNE 30, 2014

| | General Fund |
|--|----------------------------|
| REVENUES: | |
| Taxes | \$ 18,576,925 |
| Intergovernmental | 2,680,991 |
| Fees, charges, and commissions for services | 3,806,020 |
| Interest income | 38,867 |
| Miscellaneous | 74,588 |
| Total revenues | <u>25,177,391</u> |
| EXPENDITURES: | |
| Current: | |
| Public Safety | |
| Personal services and related benefits | 17,415,658 |
| Operating services | 691,060 |
| Operating and maintenance | 3,851,157 |
| Travel | 3,445 |
| Capital outlay | 1,939,779 |
| Debt service: | |
| Principal retirement | 272,124 |
| Interest and fiscal charges | 32,654 |
| Total expenditures | <u>24,205,877</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 971,514 |
| OTHER FINANCING SOURCES | |
| Other financing source - capital lease | 193,629 |
| Total other financing sources—net | <u>193,629</u> |
| NET CHANGE IN FUND BALANCE | <u>1,165,143</u> |
| FUND BALANCE—Beginning of year (as restated) | <u>2,495,479</u> |
| FUND BALANCE—End of year | <u><u>\$ 3,660,622</u></u> |

The notes to the basic financial statements are an integral part of this statement.

St. John the Baptist Parish Sheriff's Office
Reconciliation of the Governmental Fund- Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2014

| | | |
|--|--------------------|---------------------|
| Total net change in fund balance - governmental fund | | <u>\$ 1,165,143</u> |
| Capital assets: | | |
| Capital outlays capitalized | \$ 2,041,705 | |
| Depreciation expense | <u>(1,565,695)</u> | 476,010 |
| Change in deferred inflows | | 69,940 |
| Change in claims and judgements payable | | (131,651) |
| Long-term debt: | | |
| Decrease in capital lease payable | 66,457 | |
| Increase in liabilities for compensated absences | (79,314) | |
| Increase in other post employment benefits | <u>(1,044,107)</u> | <u>(1,056,964)</u> |
| Change in net assets - governmental activities | | <u>\$ 522,478</u> |

The notes to basic financial statements are an integral part of this statement.

St. John the Baptist Parish Sheriff's Office
Statement of Fiduciary Assets and Liabilities

AS OF JUNE 30, 2014

| ASSETS | Agency Funds |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,681,369 |
| TOTAL ASSETS | \$ 1,681,369 |
| LIABILITIES | |
| Held for taxing bodies | \$ 1,588,436 |
| Held for inmates | 92,933 |
| TOTAL LIABILITIES | \$ 1,681,369 |

The notes to basic financial statements are an integral part of this statement.



St. John the Baptist Parish Sheriff's Office

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff is responsible for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations, and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

The accompanying financial statements of the St. John the Baptist Parish Sheriff (the "Sheriff") have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the Sheriff conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish council as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the



St. John the Baptist Parish Sheriff's Office Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sheriff exercises no oversight responsibility, such as the parish council, parish school board, and other independently elected parish officials are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Sheriff.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The Sheriff has no business-type activities.

The statement of activities presents a comparison between program revenues of the Sheriff and the cost of the function. Program revenues are derived directly from Sheriff users as a fee for services. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. Indirect expenses are allocated proportionately among the various functions. Internal activity is eliminated.

Fund Financial Statements

The accounts of the Sheriff are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The only fund of the Sheriff (besides fiduciary funds) is classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.



St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

One fund of the Sheriff is considered to be a major fund and is described below:

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for and reports all operations of the Sheriff's office not accounted for and reported in another fund. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include one fourth (1/4) cent sales tax, state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

The following funds are non-major funds:

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, and fees. Disbursements from these funds are made to various parish agencies and litigants in suits in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The individual agency funds used by the Sheriff for the year ended June 30, 2014 are as follows:

Civil Fund - To account for funds held in connection with civil suits, Sheriff's sales and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund - Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Prison Inmate Fund - To account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

Bond Fund -To account for the collection of bonds, fines, and costs and payment of these collections to the sheriff's General Fund and other recipients in accordance with applicable laws.

Community Relations Fund - To account for private donations used for scholarships and other activities of the high school students in the community that participate in the Parish Area Students Systematically Eliminating Drugs Program.



St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non exchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.



St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Sheriff.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Capital Assets

The accounting treatment for building, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to capital assets. The Sheriff's threshold for capitalization is \$1,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 20 - 40 years |
| Equipment and vehicles | 3 - 10 years |



St. John the Baptist Parish Sheriff's Office Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term debt

All long-term debt to be repaid from governmental funds is reported as liabilities in the government-wide statements. The long-term debt consists of capital lease payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt is reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

Employees of the Sheriff's office who are employed from zero to 6 years are eligible to receive 6 to 12 days of vacation leave each year. In addition to receiving the 6 to 12 days of vacation leave for each year, employees can earn an additional 8 bonus hours of vacation leave for each year of employment in excess of 6 years. Also, employees can earn from 6 to 9 days of sick leave each year. Vacation and sick leave in excess of 21 and 20 days, respectively, is forfeited on June 30 of each year. Vacation leave (up to 21 days of carryover plus amounts earned in current year plus any additional bonus hours) earned by employees is paid upon retirement or termination. Sick leave earned by employees accumulates as noted above, but does not vest, and is forfeited upon retirement or termination.

At June 30, 2014, the Sheriff has accumulated and vested \$459,369 in vacation leave privileges required to be accrued in accordance with GASB Codification Section C60.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenses until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenses or revenues, respectively.



St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Sheriff has no restricted net position.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the two categories of net position.

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Sheriff's office. The Sheriff is the highest level of decision making authority for the Sheriff's office. Commitments may be established, modified, or rescinded only through ordinances approved by the Sheriff.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Sheriff's adopted policy, only the Sheriff may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of June 30, 2014, fund balances are composed of the following:

| | General Fund |
|---------------------|---------------------|
| Non-spendable | |
| Inventories | \$ 1,997 |
| Prepaid items | 70,742 |
| Restricted | - |
| Committed | - |
| Assigned | - |
| Unassigned | 3,587,883 |
| Total fund balances | <u>\$ 3,660,622</u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Sheriff considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Sheriff has provided otherwise in its commitment or assignment actions.

E. Budget and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The chief administrative deputy prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.



St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items. Prepaid items that existed at June 30, 2014 were prepaid insurance.

G. Inventory

The inventory is stated at cost, which is determined by the first-in, first-out method.

H. Reclassifications

Certain accounts in the financial statements have been reclassified to conform to the current year.

NOTE 2: CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$4,874,994 of which \$1,681,369 is attributable to fiduciary funds, which is not presented in the statement of net position.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 2: CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at June 30, 2014, are secured as follows:

| | |
|--|--------------|
| Bank balance | \$ 5,681,945 |
| Insured | 912,099 |
| Uninsured and collateral held by pledging bank in Sheriff's name | 4,769,846 |
| Total | \$ 5,681,945 |

As of June 30, 2014, the Sheriffs total bank balances were fully insured and collateralized with the securities held in the name of the Sheriff by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

NOTE 3: AD VALOREM TAXES

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the parish government in June and are actually billed to the taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. John the Baptist Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2014, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 32.99 mills on property with assessed valuations totaling \$461,382,331.

Total law enforcement taxes levied during 2014 were \$15,221,398. There were no taxes receivable in the General Fund at June 30, 2014.

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 4: DUE FROM OTHER GOVERNMENTAL UNITS AND OTHERS

Amounts due from other governmental units and others at June 30, 2014, consist of the following:

| | |
|----------------------------|---------------------|
| Maintenance of prisoners | \$ 203,330 |
| Federal and state grants | 199,264 |
| Reimbursement for salaries | 264,460 |
| Commissions on video poker | 79,801 |
| Commissary | 34,144 |
| Sales tax revenue | 722,566 |
| Court system | 36,314 |
| Other | 46,078 |
| Total amounts due | <u>\$ 1,585,957</u> |

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

| | Balance 6/30/2013 (Restated) | Additions | Deletions | Balance 6/30/2014 |
|---|------------------------------------|--------------------|---------------------|----------------------|
| Governmental activities: | | | | |
| Assets not being depreciated | | | | |
| Land | \$ 158,500 | \$ - | \$ - | \$ 158,500 |
| Construction in progress | 348,825 | - | (348,825) | - |
| Assets being depreciated | | | | |
| Buildings | 4,678,663 | 104,261 | - | 4,782,924 |
| Radios | 1,886,823 | - | - | 1,886,823 |
| Equipment and vehicles | 8,418,225 | 2,274,705 | - | 10,692,930 |
| Total assets | <u>15,491,036</u> | <u>2,378,966</u> | <u>(348,825)</u> | <u>17,521,177</u> |
| Less accumulated depreciation | | | | |
| Buildings | (1,598,724) | (164,187) | - | (1,762,911) |
| Radios | (1,525,181) | (188,682) | - | (1,713,863) |
| Equipment and vehicles | (4,223,033) | (1,212,826) | - | (5,435,859) |
| Total accumulated depreciation | <u>(7,346,938)</u> | <u>(1,565,695)</u> | <u>-</u> | <u>(8,912,633)</u> |
| Governmental activities, capital assets, net | <u>\$ 8,144,098</u> | <u>\$ 813,271</u> | <u>\$ (348,825)</u> | <u>\$ 8,608,544</u> |

Depreciation expense of \$1,565,695 was charged to the public safety function.

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 6: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

| | July 1, 2013 | Additions | Reductions | June 30, 2014 | Due within one year |
|-------------------------------------|---------------------|--------------------|--------------------|---------------------|------------------------|
| <u>Governmental Activities, net</u> | | | | | |
| Capital Leases | \$ 231,465 | \$ 193,629 | \$ 272,124 | \$ 152,970 | \$ 36,575 |
| Claims and judgments | 174,396 | 219,067 | 87,416 | 306,047 | 146,610 |
| Compensated absences | 380,055 | 564,259 | 484,945 | 459,369 | 54,576 |
| Net OPEB obligation | 11,696,984 | 1,765,826 | 721,719 | 12,741,091 | - |
| | <u>\$12,482,900</u> | <u>\$2,742,781</u> | <u>\$1,566,204</u> | <u>\$13,659,477</u> | <u>\$ 237,761</u> |

Capital Leases

The Sheriff entered into a ten year capital lease for police equipment in June of 2004. The lease called for annual installments of \$242,103 with an interest rate of 4.81%. The Sheriff office has completed payment on the lease as of the year ended June 30, 2014. The book value and accumulated depreciation on the asset is \$1,886,823 and \$1,713,863, respectively, at June 30, 2014.

During the year ended June 30, 2014, the Sheriff entered into a five year capital lease for police equipment due in annual installments of \$41,133 with an interest rate of 2.94%. The book value of the asset is \$205,667 and there is no accumulated depreciation at June 30, 2014. The annual requirements to amortize all debt outstanding at June 30, 2014 are as follows:

| Year Ending 30-Jun | Principal | Interest | Total |
|-----------------------|-------------------|------------------|-------------------|
| 2015 | \$ 36,575 | \$ 4,558 | \$ 41,133 |
| 2016 | 37,665 | 3,469 | 41,133 |
| 2017 | 38,787 | 2,346 | 41,133 |
| 2018 | 39,943 | 1,190 | 41,133 |
| Total | <u>\$ 152,970</u> | <u>\$ 11,563</u> | <u>\$ 164,532</u> |

The general fund has historically funded the long-term debt. Total interest incurred on long-term debt for the year ended June 30, 2014 was \$11,585, all of which was expensed.

Risk Management

The Sheriff is exposed to risks of loss in the areas of health care, property hazards and workers' compensation. These risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year, nor have settlements exceeded coverage for the past three years.

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 6: LONG-TERM DEBT (CONTINUED)

Effective November 1, 1997, the Sheriff established a self-insurance plan, which is administered by F .A. Richard and Associates, Inc. (FARA), to account for and finance its risk of loss for auto and professional liability. The administrator calculates the estimated amount of the liability on each claim based on facts and circumstances of said claim. Under this plan, the Sheriff has a claims made policy with St. Paul Insurance Company. The Sheriff is liable for claims up to \$50,000 per covered employee or dependent. The aggregate annual maximum that the Sheriff is liable for is \$450,000. The amount of liability recorded at June 30, 2014 (for all open years) is \$271,047.

A reconciliation of changes in liabilities is as follows:

| | Balance at Beginning of Fiscal Year | Claims and Changes in Estimates | Benefit Payments and Claims | Balance at Fiscal Year-End |
|-------------|---|---------------------------------------|-----------------------------------|----------------------------------|
| 2013 - 2014 | \$ 174,396 | \$ 184,067 | \$ (87,416) | \$ 271,047 |

Commitments and Contingencies

At June 30, 2014, the Sheriff is involved in several lawsuits claiming damages. A liability of \$35,000 was accrued as it relates to one lawsuit. On all other lawsuits, management is of the opinion that the liability recorded of \$271,047 should be adequate to cover any monetary damages and therefore, no additional liability has been accrued at June 30, 2014 as it relates to these lawsuits.

NOTE 7: SHORT-TERM DEBT

Short-term debt provides financing for the Sheriff's governmental activities. On August 21, 2013, the Sheriff issued a Revenue Anticipation Note in the amount of \$4,000,000. This debt was issued for interim financing of general fund operations. On January 9, 2014, the Sheriff repaid the note plus \$21,542 in interest at a rate of 2.20%.

The following is a summary of changes in short-term debt for the year ended June 30, 2014:

| | |
|--------------------------------|-------------|
| Short term debt, June 30, 2013 | \$ - |
| Debt assumed | 4,000,000 |
| Debt retired | (4,000,000) |
| Short term debt, June 30, 2014 | <u>\$ -</u> |



St. John the Baptist Parish Sheriff's Office Notes to the Financial Statements

NOTE 8: PENSION PLAN

Plan Description: The St. John the Baptist Parish Sheriff contributes to the Sheriffs' Pension and Relief Fund, a cost-sharing multiple employer defined benefit pension plan administered by the Sheriffs Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to sheriff and deputy sheriff members throughout the State of Louisiana. The Sheriffs' Pension and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Sheriffs' Pension and Relief Fund, P.O. Box 3163, Monroe, Louisiana 71210-3136.

Funding Policy: Plan members are required to contribute 10.0% of their annual covered salary and the St. John the Baptist Parish Sheriff is required to contribute at an actuarially determined rate. The rate was 13.25% of annual covered payroll. The contribution requirements of plan members and the St. John the Baptist Parish Sheriff are established and may be amended by the Sheriffs' Pension and Relief Fund. Beginning in July 2008, the Sheriff elected, as an additional benefit to employees, to begin paying one-half of the plan members' required contribution which equates to five percent. Effective August 2010, the Sheriff elected to increase the additional benefit to employees by paying eighty percent (80%) of the plan members' required contribution which equates to eight percent. The St. John the Baptist Parish Sheriffs contributions to the Retirement System for the years ended June 30, 2014, 2013 and 2012 were \$2,547,125, \$2,376,534, and \$2,188,475, respectively.

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the Sheriff recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Sheriffs future cash flows. Because the Sheriff is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description: The Sheriff's office offers health care coverage to its eligible employees through a policy maintained with Coventry Health Care. Retired employees enjoy the same coverage as active employees. The plan is a single-employer defined benefit health care plan administered by the Sheriff. The Sheriff has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Funding Policy: The Sheriff covers 100% of employee's premium and approximately 75% of premium for employee's family (spouse and/or children). Premiums for retired employees and their families are covered at the same percentages as active employees. The monthly premiums of these benefits for retirees and similar benefits for active employees paid by the employee was approximately 7%. The portion paid by the Sheriff was approximately 93%. The Sheriff recognizes the cost of providing these benefits (the Sheriff's portion of premiums) as an expenditure when the monthly premiums are due. The benefits are financed on a pay-as-you-go basis.

Annual OPEB Cost: The Sheriff's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Sheriff utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability. The following table shows the components of the Sheriff's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Sheriff's net OPEB obligation:

| | |
|--|-----------------------------|
| Annual required contribution | \$ 2,014,252 |
| Interest on net OPEB obligation | 467,879 |
| Adjustment to annual required contribution | <u>(716,305)</u> |
| Annual OPEB cost | 1,765,826 |
| Contributions made | <u>(721,719)</u> |
| Increase in net OPEB obligation | 1,044,107 |
| Net OPEB obligation - beginning of year | <u>11,696,984</u> |
| Net OPEB obligation - end of year | <u><u>\$ 12,741,091</u></u> |

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost | Net OPEB Obligation |
|----------------------|---------------------|--------------------------------------|------------------------|
| 6/30/2012 | \$ 3,880,345 | 8.71% | \$ 10,548,546 |
| 6/30/2013 | 1,790,218 | 35.85% | 11,696,984 |
| 6/30/2014 | 1,765,826 | 40.80% | 12,741,091 |

Fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the Sheriff has elected to implement prospectively. Therefore, three year trend information is presented.

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2014, was as follows:

| | |
|---|-----------------------------|
| Actuarial accrued liability (AAL) | \$ 17,716,676 |
| Actuarial valuation of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u><u>\$ 17,716,676</u></u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (active plan members) | 11,019,042 |
| UAAL as a percentage of covered payroll | 161% |

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Sheriff's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 4.0% per annum, compounded annually.
2. The inflation rate is 2.5%.
3. The initial trend rate used in the calculations was 6.1 %. The ultimate trend rate is 4.5%. The time period between the initial rate and the ultimate rate is eighty seven years.

NOTE 10: EX-OFFICIO TAX COLLECTOR

The amount of taxes collected by taxing authority is listed below. Of the \$15,241,459 collected for St. John Parish Law Enforcement, \$77,535 is related to commissions and fees on tax collection.

| | |
|---------------------------------|----------------------|
| St. John Parish Government | \$ 13,288,759 |
| St. John Parish School Board | 18,082,297 |
| St. John Parish Assessor | 1,398,372 |
| St. John Parish Law Enforcement | 15,241,459 |
| St. John Parish Library | 4,572,260 |
| Lafourche Levee District | 19,179 |
| Pontchartrain Levee District | 1,576,985 |
| Louisiana Tax Commision | 6,765 |
| | <u>\$ 54,186,076</u> |

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 10: EX-OFFICIO TAX COLLECTOR (CONTINUED)

The amount of taxes assessed and uncollected, and the reason for failure to do so is as follows:

| | LTC | | |
|---------------------------------|-------------------|------------------|------------------|
| | Decreases | Bankruptcy | Unpaid |
| St. John Parish Government | \$ 57,474 | \$ 3,236 | \$ 6,132 |
| St. John Parish School Board | 74,074 | 4,414 | 8,364 |
| St. John Parish Assessor | 5,728 | 341 | 647 |
| St. John Parish Law Enforcement | 62,164 | 3,705 | 7,019 |
| St. John Parish Library | 18,730 | 1,116 | 2,115 |
| Lafouche Levee District | 805 | - | - |
| Pontchartrain Levee District | 5,819 | 390 | 738 |
| | <u>\$ 224,794</u> | <u>\$ 13,202</u> | <u>\$ 25,015</u> |

In addition, the Sheriff collected \$1,292,131 of occupational licenses fees and remitted \$1,098,316 to the St. John Parish Government and \$193,815 to the St. John Parish Sheriff's general fund.

NOTE 11: NEW ACCOUNTING PRONOUNCEMENTS

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB No. 65 has been implemented by the Sheriff for the year ending June 30, 2014 and resulted in no changes.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* in June 2012. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, Pension Disclosures. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.



St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 11: NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

The Sheriff is currently assessing the impact of GASB 68 and GASB 71 on the financial statements for the fiscal year ending June 30, 2015.

NOTE 12: PRIOR PERIOD ADJUSTMENT

The Sheriff identified an error in the statement of fund balance related to revenue recorded at the fund level in prior years that should have been recorded as deferred inflows as it was not received within sixty days of year end; and, an error related to a long term claims payable liability which was erroneously recognized at the fund level. The error in the statement of fund balance did not have an effect on the governmental activities' net position.

During the year ended June 30, 2014, the Sheriff recognized revenue and expense incurred, but not recorded, in the prior year. The error had an impact on both beginning fund balance and beginning net position at June 30, 2014.

A receivable was determined not to be collectible in the prior year. It was correctly reduced from both revenue and receivable in the fund financial statements. The receivable was erroneously recorded to receivable and revenue at the government wide level. While the error did not impact the statement of fund balance, it overstated the governmental activities' net position. The Sheriff identified assets in the current year that should have been disposed of in prior years. The error did not impact the statement of fund balance, but it overstated the governmental activities' net position.

St. John the Baptist Parish Sheriff's Office
Notes to the Financial Statements

NOTE 12: PRIOR PERIOD ADJUSTMENT (CONTINUED)

The impact on the governmental fund balance was as follows:

| | |
|--|---------------------|
| Fund balance as previously reported, June 30, 2013 | \$ 2,496,986 |
| Deferred Inflows | (194,250) |
| Claims payable | 174,396 |
| Due from other governmental units | 30,247 |
| Accounts payable | (11,900) |
| Fund balance as restated, June 30, 2013 | <u>\$ 2,495,479</u> |

| | |
|--|-------------------|
| Net change in fund balance as previously reported, for the year ended June 30, 2013 | \$ 791,270 |
| Intergovernmental revenue | (164,003) |
| Operating and maintenance expenditure | 162,496 |
| Net change in fund balances as restated, for the year ended June 30, 2013 | <u>\$ 789,763</u> |

The impact on the net position of governmental activities was as follows:

| | |
|--|-----------------------|
| Net position as previously reported, June 30, 2013 | (1,027,481) |
| Capital assets, net | (564,465) |
| Due from other governments | (44,753) |
| Accounts payable | (11,900) |
| Net position as restated, June 30, 2013 | <u>\$ (1,648,599)</u> |

| | |
|--|---------------------|
| Net change in net position as previously reported, for the year ended June 30, 2013 | \$ (93,214) |
| Grant revenue | 30,247 |
| Charges for services | (75,000) |
| Operations and maintenance expense | (576,465) |
| Net change in net position as restated, for the year ended June 30, 2013 | <u>\$ (714,432)</u> |

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 27, 2014, the date of the financial statements are available to be issued. Subsequent to year end, a subcontractor was arrested and is suspected of misappropriating approximately \$42,000 for the period January 2013 through June 2014. An investigation by the Sheriff of the suspected misappropriation is in process.

REQUIRED SUPPLEMENTAL INFORMATION

St. John the Baptist Parish Sheriff's Office
Statement of Revenues, Expenditures and
Changes in Fund Balance- Budget to Actual
General Fund

For the year ended June 30,

2014

| | Original Budget | Revised Budget | Actual | Variance from Revised Budget |
|---|---------------------|---------------------|---------------------|------------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 16,300,000 | \$ 18,554,000 | \$ 18,576,925 | \$ 22,925 |
| Intergovernmental | 3,166,250 | 2,597,500 | 2,680,991 | 83,491 |
| Fees, charges, and commissions for services | 3,521,000 | 3,741,756 | 3,806,020 | 64,264 |
| Interest income | 8,000 | 11,800 | 38,867 | 27,067 |
| Miscellaneous | 76,500 | 74,009 | 74,588 | 579 |
| Total Revenues | <u>23,071,750</u> | <u>24,979,065</u> | <u>25,177,391</u> | <u>198,326</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Safety | | | | |
| Personal services and related benefits | 12,946,245 | 14,192,178 | 17,415,658 | (3,223,480) |
| Operating services | 4,412,500 | 4,236,757 | 691,060 | 3,545,697 |
| Operating and maintenance | 3,541,500 | 3,551,800 | 3,851,157 | (299,357) |
| Travel | 1,000 | 3,500 | 3,445 | 55 |
| Capital outlay | 1,361,500 | 2,211,075 | 1,939,779 | 271,296 |
| Debt service: | | | | |
| Principal retirement | 4,000,000 | 4,000,000 | 272,124 | 3,727,876 |
| Interest and fiscal charges | 20,000 | 21,542 | 32,654 | (11,112) |
| Total Expenditures | <u>26,282,745</u> | <u>28,216,852</u> | <u>24,205,877</u> | <u>4,010,975</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>(3,210,995)</u> | <u>(3,237,787)</u> | <u>971,514</u> | <u>4,209,301</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from revenue anticipation note | 4,000,000 | 4,000,000 | - | (4,000,000) |
| Proceeds from capital lease | - | - | 193,629 | 193,629 |
| Sale of assets | 20,000 | 1,200 | - | (1,200) |
| Total other financing sources—net | <u>4,020,000</u> | <u>4,001,200</u> | <u>193,629</u> | <u>(3,807,571)</u> |
| NET CHANGE IN FUND BALANCES | <u>809,005</u> | <u>763,413</u> | <u>1,165,143</u> | <u>401,730</u> |
| FUND BALANCES—Beginning of year | <u>2,320,384</u> | <u>3,288,256</u> | <u>2,495,479</u> | <u>(792,777)</u> |
| FUND BALANCES—End of year | <u>\$ 3,129,389</u> | <u>\$ 4,051,669</u> | <u>\$ 3,660,622</u> | <u>\$ (391,047)</u> |

The notes to the basic financial statements are an integral part of this statement.

St. John the Baptist Parish Sheriff's Office
Schedule of Funding Progress- Other Post-Employment Benefits

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|---------------------------------|--------------------------|---------------------------|---|
| July 1, 2011 | - \$ | 33,928,363 | \$ 33,928,363 | 0% | \$ 9,125,478 | 372% |
| July 1, 2012 | - | 17,716,676 | 17,716,676 | 0% | 10,005,020 | 177% |
| July 1, 2013 | - | 17,716,676 | 17,716,676 | 0% | 11,019,042 | 161% |

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA, PARISH OF ST. JOHN THE BAPTIST

AFFIDAVIT

MICHAEL TREGRE, Sheriff of ST. JOHN THE BAPTIST PARISH SHERIFF

BEFORE ME, the undersigned authority, personally came and appeared, Michael Tregre, the Sheriff of St. John the Baptist Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$7,843 is the amount of cash on hand in the tax collector account on June 30, 2014

He further deposed and said:


All itemized statements of the amount of taxes collected for tax year 2013 by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons

for the failure to collect, by taxing authority, are true and correct.


Signature
Sheriff of St. John the Baptist Parish

Sworn to and subscribed before me, Ex-officio Notary, this 4th day of September 2014, in my office in LaPlace, Louisiana.


Jeffrey Clement #82747
Ex-Officio Notary
St. John the Baptist Parish
Sheriff's Office

**COMBINING AND INDIVIDUAL FIDUCIARY FUND FINANCIAL
STATEMENTS AND SCHEDULES**



St. John the Baptist Parish Sheriff's Office Fiduciary Funds- Descriptions of Funds

Agency Funds

All of these funds are reflected in the totals of the agency funds presented in the Statement of Fiduciary Assets and Liabilities

Civil Fund

Established to account for funds held in connection with civil suits, Sheriff's sales and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund

Established per Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Prison Inmate Fund

Established to account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

Bond Fund

Established to account for the collection of bonds, fines, and costs and payment of these collections to the sheriff's General Fund and other recipients in accordance with applicable laws.

Community Relations Fund

Established to account for private donations used for scholarships and other activities of the high school students in the community that participate in the Parish Area Students Systematically Eliminating Drugs Program.

St. John the Baptist Parish Sheriff's Office
Agency Funds

Combining Statement of Changes in Assets and Liabilities

FOR THE YEAR ENDED JUNE 30, 2014

| | Balance June 30, 2013 | Additions | Deductions | Balance June 30, 2014 |
|-------------------------------------|-----------------------------|----------------------|----------------------|-----------------------------|
| CIVIL FUNDS | | | | |
| ASSETS - Cash | \$ 399,061 | \$ 1,444,954 | \$ 1,481,465 | \$ 362,550 |
| LIABILITIES- Held for taxing bodies | \$ 399,061 | \$ 1,444,954 | \$ 1,481,465 | \$ 362,550 |
| TAX COLLECTOR FUNDS | | | | |
| ASSETS - Cash | \$ 77,525 | \$ 56,706,038 | \$ 56,702,939 | \$ 80,624 |
| LIABILITIES- Held for taxing bodies | \$ 77,525 | \$ 56,706,038 | \$ 56,702,939 | \$ 80,624 |
| PRISON INMATE FUNDS | | | | |
| ASSETS - Cash | \$ 76,872 | \$ 426,985 | \$ 410,924 | \$ 92,933 |
| LIABILITIES- Held for inmates | \$ 76,872 | \$ 426,985 | \$ 410,924 | \$ 92,933 |
| BOND FUNDS | | | | |
| ASSETS - Cash | \$ 1,081,443 | \$ 4,038,715 | \$ 3,975,959 | \$ 1,144,199 |
| LIABILITIES- Held for taxing bodies | \$ 1,081,443 | \$ 4,038,715 | \$ 3,975,959 | \$ 1,144,199 |
| COMMUNITY RELATIONS FUND | | | | |
| ASSETS - Cash | \$ 8,372 | \$ 1 | \$ 7,310 | \$ 1,063 |
| LIABILITIES- Held for taxing bodies | \$ 8,372 | \$ 1 | \$ 7,310 | \$ 1,063 |
| TOTALS-ALL AGENCY FUNDS | | | | |
| ASSETS - Cash and investments | \$ 1,643,273 | \$ 62,616,693 | \$ 62,578,597 | \$ 1,681,369 |
| LIABILITIES: | | | | |
| Held for taxing bodies | \$ 1,566,401 | \$ 62,189,708 | \$ 62,167,673 | \$ 1,588,436 |
| Held for inmates | 76,872 | 426,985 | 410,924 | 92,933 |
| TOTAL | \$ 1,643,273 | \$ 62,616,693 | \$ 62,578,597 | \$ 1,681,369 |

**OMB CIRCULAR A-133 COMPLIANCE AND
GOVERNMENT AUDITING STANDARDS REPORTS**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Michael Tregre, Sheriff
St. John the Baptist Parish Sheriff's Office
Laplace, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. John the Baptist Parish Sheriff (the "Sheriff"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated October 27, 2014. Our report on the financial statements included a paragraph that emphasizes a prior period adjustment of both fund balance and net position.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the Sheriff's internal control. Accordingly, we do not express opinions on the effectiveness of the Sheriff's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questions costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Sheriff's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2014-001, 2014-002, 2014-003, and 2014-004, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-005, 2014-006, and 2014-007.

Sheriff's Response to Findings

The Sheriff's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. The Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide opinions on the effectiveness of the Sheriff's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs, & Ingram, LLC

October 27, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Michael Tregre, Sheriff
St. John the Baptist Parish Sheriff's Office
Laplace, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the St. John the Baptist Parish Sheriff's Office (the "Sheriff") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Sheriff's major federal programs for the year ended June 30, 2014. The Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Sheriff's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Sheriff's compliance.

Opinion on Each Major Federal Program

In our opinion, the Sheriff complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Sheriff is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Sheriff's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

October 27, 2014

St. John the Baptist Parish Sheriff's Office
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

| <u>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|---------------------------------|
| U.S. Department of Homeland Security: Passed-through Lower Mississippi River Port Wide Strategic Security Council Port Security | 97.056 | <u>\$ 545,951</u> |
| Total U.S. Department of Agriculture | | <u>545,951</u> |
| U.S. Department of Justice: Passed through Louisiana Commission on Law Enforcement Bullet Proof Vest Partnership | 16.607 | <u>12,305</u> |
| Total U.S. Department of Justice | | <u>12,305</u> |
| Total Expenditures of Federal Awards | | <u><u>\$ 558,256</u></u> |

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.



St. John the Baptist Parish Sheriff's Office
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sheriff and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.



St. John the Baptist Parish Sheriff's Office
Schedule of Findings and Questioned Costs

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of St. John the Baptist Parish Sheriff (the "Sheriff").
2. Significant deficiencies in internal control were not disclosed by the audit of the financial statements. Material weaknesses in internal control were disclosed by the audit of the financial statements.
3. There were instances of noncompliance material to the financial statements of the Sheriff that were disclosed and identified during the audit.
4. There were no significant deficiencies or material weaknesses relating to the audit of the major federal award programs reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133*.
5. The *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by OMB Circular A-133* expresses an unmodified opinion on all major federal programs.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as a major program for the year ended June 30, 2014 was:

| | |
|--|----------|
| Program Title | CFDA No. |
| U. S. Department of Homeland Security: Port Security | 97.056 |
8. The dollar threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The Sheriff qualified as a low-risk auditee under Section 530 of OMB Circular A-133.



St. John the Baptist Parish Sheriff's Office
Schedule of Findings and Questioned Costs

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2014-001 Lack of Internal Controls Over Cash Receipts of Ticket Revenue

Criteria: The Sheriff should have systems of internal accounting control which ensure the safeguarding of its assets.

Condition: The Sheriff does not have adequate policies, procedures, and related internal controls in regards to the cash collection of ticket revenue. During our audit, we observed Sheriff's employees did not have adequate segregation of accounting duties with respect to ticket receipts. The Sheriff's employees are able to both accept payments for tickets while also having access to modify the fine in the computer database.

Cause: The Sheriff does not have appropriate policies and procedures in place for the proper recording and monitoring of cash receipts that are received for ticket payments.

Effect: This condition represents a material weakness in internal controls.

2014-002 Preparation of Financial Statements

Criteria: The Sheriff should have systems of internal accounting control which ensure the basic financial statements are presented in accordance with U. S. generally accepted accounting principles.

Condition: The Sheriff does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements. During our audit, we noted the accounting personnel of the Sheriff performed the reconciliations and analysis of its significant accounts after year-end, and as a result, adjustments to the financial statements were recorded as part of our audit procedures. We noted the accounting personnel of the Sheriff did not include all expenses incurred throughout the year and outstanding at fiscal year end in its accounts payable listing, revenues did not have correct period recognition, and the payroll liability was not properly reconciled at fiscal year end.



St. John the Baptist Parish Sheriff's Office
Schedule of Findings and Questioned Costs

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

Cause: The Sheriff does not have adequate policies and procedures to prepare accurate and complete financial statements in accordance with U. S. generally accepted accounting principles. The Sheriff's procedures for recording revenue and expense accruals do not include sufficient review of subsequent receipts and disbursements to determine that all accruals have been properly recorded.

Effect: The Sheriff recorded material adjustments identified in the audit process to ensure the financial statements were presented in accordance with U. S. generally accepted accounting principles.

2014-003 Capital Assets

Criteria: The Sheriff should have systems of internal accounting control which provide for proper accounting and financial reporting for capital assets in accordance with GASB Statement No. 34.

Condition: The Sheriff does not have adequate policies, procedures, and related internal controls to ensure all capital assets were fairly stated in its financial statements. The Sheriff does not individually tag and track certain assets so that they are easily identifiable in the capital asset listing. The Sheriff does not perform an annual inventory of capital assets and reconcile to the capital asset listing. During our audit, we noted the Sheriff does not perform a complete inventory of its assets that are included in their capital asset listing and had items on its capital asset listing that were stale. We also noted that the Sheriff does not track the useful life and related depreciation of capital assets. Inspection of individual assets was difficult as the assets are not easily identifiable in the capital asset listing.

Cause: The Sheriff has not performed sufficient procedures to ensure all capital assets are reconciled and properly recorded in the financial statements. There is no effective control process in place which addresses assets being individually tagged and tracked in the sub-ledger. The Sheriff does not perform an annual inventory of capital assets and reconcile to the capital asset listing.



St. John the Baptist Parish Sheriff's Office
Schedule of Findings and Questioned Costs

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

Effect: Material adjustments were recorded by the Sheriff to its capital asset balances. Inspection of individual assets existence is difficult which may pose a threat for theft and/or misappropriation of assets.

2014-004 Inadequate Segregation of Accounting Functions

Criteria: The Sheriff should have systems of internal accounting control which provide for appropriate segregation of accounting duties.

Condition: The Sheriff does not have adequate segregation of functions within the accounting function. During our audit, we observed Sheriff's employees did not have adequate segregation of duties more specifically in regards to reconciliation of accounts.

Cause: The Sheriff has a limited number of employees in its accounting department.

Effect: This condition represents a material weakness in internal controls.

2014-005 Misappropriation of Assets

Criteria: The Sheriff should have systems of internal accounting control which ensure the safeguarding of the Sheriff's assets.

Condition: A subcontractor of the Sheriff fraudulently submitted invoices for payment to the Sheriff. The subcontractor was arrested and is suspected of embezzling approximately \$42,500 for the period of January 2013 through June 2014. The suspected embezzlement was appropriately reported to the Louisiana Legislative Auditor and the St. John the Baptist Parish District Attorney.

Cause: The cause of the misappropriation of assets is due to a lack of internal controls regarding the approval process of certain invoices.

Effect: The Sheriff's funds appear to have been misappropriated. The Sheriff arrested the subcontractor on August 28, 2014 and an investigation is underway.



St. John the Baptist Parish Sheriff's Office
Schedule of Findings and Questioned Costs

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

2014-006 Credit Card Transactions

| | |
|-------------------|---|
| <i>Criteria:</i> | The Sheriff should have systems of internal accounting control which ensure the safeguarding of its assets. |
| <i>Condition:</i> | The Sheriff does not have adequate policies, processes, and controls in place in regards to credit card transactions. During our audit, we performed testing over credit card expenses and performed inquiries of management regarding credit card policies. We noted that the Sheriff did not have a policy in place in regards to credit card expense transactions. |
| <i>Cause:</i> | The Sheriff does not have policies, procedures, and controls in place over credit card expenditures. |
| <i>Effect:</i> | During the course of audit testing, we tested 7 credit card statements. 10 credit card reimbursements were noted on the statements that did not have corresponding itemized receipts. |

2014-007 Non-compliance with Public Bid Law

| | |
|-------------------|--|
| <i>Criteria:</i> | Public entities must follow Public Bid Law requirements per Louisiana Statute R.S. 38.2211. |
| <i>Condition:</i> | In certain instances, the Sheriff was not in compliance with the Louisiana Public Bid Law. During our audit, testing over compliance with Louisiana Public Bid Law was performed. 5 out of 25 purchases tested were not in compliance with the Louisiana Public Bid Law. |
| <i>Cause:</i> | The Sheriff does not have adequate policies, procedures, and controls in place over the public bid law. |
| <i>Effect:</i> | During the course of audit testing, 5 instances of non-compliance with public bid law were noted. |

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None.



**St. John the Baptist Parish Sheriff's Office
Summary Schedule of Prior Year Findings**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS
COMPLIANCE**

13-1 Inadequate Segregation of Accounting Functions

Condition: The Sheriff's department did not have adequate segregation of functions within the accounting system.

Status: Unresolved – See 2014-004.

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

13-2 Suspension and Debarment

Condition: Verification procedures for procurement, suspension, and debarment of contractors/vendors were not performed on three vendors. The client simply overlooked this requirement. The vendors were subsequently determined to not be suspended or debarred as per the Excluded Parties List System (EPLS).

Status: Resolved.

SECTION III – MANAGEMENT LETTER

Not applicable.



St. John the Baptist Parish Sheriff's Office Corrective Action Plan

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2014-001 Lack of Internal Controls Over Cash Receipts of Ticket Revenue

Corrective Action Plan: The Sheriff will develop a written policy to govern controls over tickets and also ticket revenue collection. The policy will ensure that a report is developed to detail all instances that tickets are modified and will appoint a supervisor to review these modifications on a weekly basis. Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for developing the necessary policy.

2014-002 Preparation of Financial Statements

Corrective Action Plan: The Sheriff will develop a formal written policy to govern its accounting policies and procedures in regards to preparing accurate and complete financial statements. While it is not possible at this time to add additional resources to the accounting and reporting function, this policy will ensure that the Sheriff is making most cost effective use of its personnel. In addition, the policy will also assign employees specific duties to assist in preparing accurate financial statements. Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for developing the necessary policy.

2014-003 Capital Assets

Corrective Action Plan: The Sheriff will develop a written policy to govern all capital assets. The policy will ensure that the Sheriff maintains an accurate capital asset listing including depreciation. The policy will also include an annual physical inventory of capital assets. In addition, effective July 1, 2014, the Sheriff is amending its threshold to \$5,000 for capital assets.

2014-004 Inadequate Segregation of Accounting Functions

Corrective Action Plan: While it is impractical and not cost effective for the Sheriff to maintain strict segregation of duties due to limited personnel, the Sheriff will develop written policies and procedures over its accounting functions to make the best and most practical use of its personal. Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for developing the necessary policy.



**St. John the Baptist Parish Sheriff's Office
Corrective Action Plan**

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

2014-005 Misappropriation of Assets

Corrective Action Plan: The Sheriff will develop a written policy to mitigate control risks over the disbursement process of the Sheriff. Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for developing the necessary policy.

2014-006 Credit Card Transactions

Corrective Action Plan: The Sheriff will develop a written credit card policy which will require the necessary supporting documentation on all credit card expense reimbursements. Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for developing the necessary policy.

2014-007 Non-compliance with Public Bid Law

Corrective Action Plan: The Sheriff will develop a written policy governing all purchases to ensure the Sheriff remains in compliance with the Louisiana Public Bid Law. This policy along with new computerized purchasing software started in July 2014 should assist the Sheriff to be in compliance with the public bid law.

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to major federal awards programs for the year ended June 30, 2014.

**St. John the Baptist Parish Sheriff's Office
Laplace, Louisiana**

Memorandum of Advisory Comments

For the Year Ended June 30, 2014



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RIGGS &
INGRAM

CPAs and Advisors

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St. John the Baptist Parish Sheriff's Office
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June 30, 2014

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October 27, 2014

Honorable Michael Tregre, Sheriff
St. John the Baptist Parish Sheriff's Office
Laplace, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining information of St. John the Baptist Sheriff's Office (the "Sheriff") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the controller of the United States, we considered Sheriff's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

However, during our audit we became aware of deficiencies in internal control other than a significant deficiency or a material weakness that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our observations and recommendations regarding these matters. This letter does not affect our report dated October 27, 2014, on the financial statements of the governmental activities, each major fund, and the aggregate remaining information of the Sheriff.

We will review the status of our observations during our next audit engagement. We have already discussed these observations and recommendations with various Sheriff personnel, and we will be pleased to discuss in further detail at your convenience or to perform any additional studies of these matters.

Sincerely,

Carr, Riggs, & Ingram, LLC

St. John the Baptist Parish Sheriff's Office Observations and Recommendations

1. Third Party Service Providers

Observation:

During the course of the audit, we noted that two of the third party providers did not have adequate SSAE 16 Type 2 reporting. One of the service providers had a disclaimer of opinion over controls within its report over internal controls while the other service provider did not have a SSAE16 Type 2 report.

Recommendation:

We recommend that the Sheriff institute a policy to monitor third party service providers and that they provide the required reporting annually.

Management's Response:

The Sheriff will develop and institute a policy to monitor third party services providers and ensure that they provide the required reporting annually. Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for developing the necessary policy.

2. Cash Reconciliations

Observation:

During the course of the audit, we noted that two (2) of the cash accounts were not reconciled at year end. Adjustments were made in order to reconcile the bank balance to the book balance.

Recommendation:

We recommend that the Sheriff implement a policy that would assign responsible employees for preparing cash reconciliations on a monthly basis and, furthermore, assign a member of management to perform a documented review of the reconciliations monthly.

Management's Response:

The Sheriff will develop a formal written policy to govern cash reconciliations. This policy will detail those responsible for the monthly reconciliations, as well as assign someone in management to review and sign off on the reconciliations on a monthly basis. Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for developing the necessary policy.



St. John the Baptist Parish Sheriff's Office Observations and Recommendations

3. Written Policies and Procedures

Observation:

During the course of the audit, we noted that the Sheriff does not have written policies and procedures over its accounting processes.

Recommendation:

We recommend that the Sheriff develop, document, and implement policies and procedures over its internal accounting controls.

Management's Response:

The Sheriff will develop formal written policies to govern its accounting policies and procedures over internal accounting controls. Once the policies have been developed, Mr. Jeffrey Clement, Chief Civil Deputy, will be responsible for making sure the Accounting Department implements them.